

MEMORANDUM

To: Board of Regents
From: Board Office
Subject: Institutional Agreements, Leases and Easements
Date: May 8, 2000

Recommended Action:

Approve the agreements, leases and easements for the benefit of the institutions as summarized below. **(ROLL CALL VOTE)**

Executive Summary:

The Iowa Code requires that agreements, leases and easements involving real property be approved by the Board of Regents by roll call vote. The agreements, leases and easements presented this month have been reviewed by the Attorney General's Office and are recommended for approval. A listing of principals is included as an attachment to this docket memorandum.

The University of Iowa requests approval of tenant property rental rates for FY 2001 for its residences, and pre-school and daycare centers. Increases for the majority of the rates range from 2.8 percent to 6.9 percent, with higher rate increases for selected single family residences.

Iowa State University requests approval to renew for FY 2001 the Memorial Union Memoranda of Agreement with the Iowa State University Book Store and University Copy Center for their use of space in the Union. The University also requests approval to renew its lease with H. L. Munn Company for the University's use of storage space for the Department of Residence, and to enter into a lease agreement with Phytodyne, Inc., for its use of business incubator space at the ISU Research Park. In addition, the University requests approval to enter into an easement agreement with the Rathbun Regional Water Association for extension of a water line from the McNay Research Farm.

The University of Northern Iowa requests approval of tenant property rental rates for Tau Kappa Epsilon fraternity, Gamma Phi Beta sorority, and faculty/staff rentals. In addition, the University requests approval to enter into a lease agreement for a house that is leased to University students.

The Iowa School for the Deaf requests approval to renew its lease with the Southwest Iowa Regents Resource Center for the Center's continued use of space on the Iowa School for the Deaf campus.

The Iowa Braille and Sight Saving School requests approval to renew agreements with Adults Incorporated, Happy Time Child Development Center, Iowa Department of Public Health, and Vinton-Shellsburg Community School District for their use of space at the school.

SUPPORTING INFORMATION:

A. UNIVERSITY OF IOWA

1. **TENANT PROPERTY RATES, FY 2001**—The Board annually approves the rental rates charged by the University for apartments, duplexes, houses and pre-school/day care properties which are owned for the University's benefit on and around the campus. Many of these properties were purchased for future expansion of the campus within boundaries approved by the Board.

Rental rates are based on comparable rental rates, as determined by a University survey of rental properties in the Iowa City and Coralville area. The University's survey results compare favorably with the fair market rental rates obtained from the City of Iowa City Housing Assistance Office. Other criteria used to set rental rates include the proximity of the property to the campus, the size of the unit, the general condition of the property, and whether the owner or the tenant is responsible for utilities, lawn care and snow removal. In general, the University intends for the rental rates to represent fair market value.

Forty-two units will be rented in FY 2001. The University proposes rate increases ranging from approximately 2.8 percent to 6.9 percent for the majority of the units. However, significant rental increases are proposed for the Grand Avenue Court residences, which currently rent for \$815 per month. The proposed increases are 16.6 percent for two of the residences (to \$950 per month) and 10.4 percent for the remaining residence (to \$900 per month). The University proposes smaller rate increases ranging from 4.3 percent to 6.9 percent for the four remaining single family residences; three residences will be rented at the rate of \$850 per month and the remaining unit will be rented at the rate of \$900 per month.

The University has indicated that larger rate increases are proposed for the Grand Avenue Court residences to make their square footage cost more comparable to the remaining residential units. The proposed rate for the Grand Avenue Court residences will range from \$.31 to \$.41 per square foot. The proposed rate for the other single family residences will range from \$.40 to \$.47 per square foot for all but one of the residences, which will be leased at the rate of \$.61 per square foot.

The proposed rental rate for six duplexes in Oakdale is \$670 per month, which is unchanged from the FY 2000 rental rate. These are the only units for which no rate increases are proposed. The University has indicated that this recommendation is due to their location from campus and the associated difficulty with renting the units. The rents for the remaining apartments and duplexes are proposed at \$505 and \$680 per month, respectively, and the rents for two efficiency apartments are proposed at \$405 and \$450 per month. These rates represent increases ranging from 4.1 percent to 6.3 percent.

The proposed rental rate for five of the six pre-school/day care facilities is \$740 per month, an increase of 2.8 percent. The proposed rate for the remaining facility is \$640 per month, an increase of 3.2 percent. The rental rate is lower for one facility since it is a smaller home and lot than the other facilities, and is used only for a half-day program, thereby generating less income than the other child care facilities.

B. IOWA STATE UNIVERSITY

1. MEMORIAL UNION MEMORANDA OF AGREEMENT—The University is seeking renewal of Memoranda of Agreement between the Memorial Union (landlord) and the University Book Store and University Copy Center (tenants) for FY 2001. The Memorial Union provides utilities and standard building maintenance, and the tenants provide their own fixtures, equipment, and associated maintenance. The agreements include standard indemnification language.
 - a. IOWA STATE UNIVERSITY BOOK STORE—The University Book Store occupies 20,000 square feet of space on the ground and basement levels of the southeast addition of the Memorial Union. The agreement will be renewed at the rate of \$8.15 per square foot (\$163,000 per year) to be paid in 11 monthly installments of \$13,583.34 and one monthly installment of \$13,583.26. This is the same rate paid under the current agreement.

- b. UNIVERSITY COPY CENTER—The University Copy Center currently occupies a total of 1,640 square feet of space in the basement games area of the Memorial Union. This includes 1,400 square feet of space for the Copy Center's operations and 240 square feet of semi-finished storage space adjacent to the Copy Center.

The lease of 1,400 square feet of unfinished space will be renewed at the rate of \$3.60 per square foot (\$5,040 per year), which is the same rate paid under the current agreement. The lease of semi-finished storage space will increase to a total of 899 square feet (an increase of 659 square feet) to meet the Copy Center's need for additional storage. This space will be leased at the rate of \$4.00 per square foot (\$3,596 per year), which is an increase of 6.7 percent (\$0.25 per square foot) over the current rate per square foot. The total space for the Copy Center will be leased at the rate of \$8,636 per year to be paid in 11 monthly installments of \$719.67 and one monthly installment of \$719.63.

The University Copy Center provides space for one of the University Printing Department's satellite copy centers. It provides service for faculty and staff on the southeast corner of the campus and accommodates many student needs. This is the only cash copy center which the Printing Department operates.

2. H. L. MUNN COMPANY (Landlord)—The University requests approval to renew its lease as lessee with H. L. Munn Company for the University's use of 8,378 square feet of warehouse storage space located in Ames, Iowa. The lease will be renewed at the rate of \$2,094.50 per month (\$3 per square foot, \$25,134 per year) for a one-year period commencing May 1, 2000 through April 30, 2001. This is the same rate paid under the current agreement.

The lease provides storage space for the Department of Residence to replace partially 18,000 square feet of warehouse storage space that has been lost due to construction of utility service for the Hawthorn Court Apartments.

The University agrees to be responsible for claims arising from its use and occupancy of the space in accordance with Iowa Code Chapter 669.

3. PHYTODYNE, INC. (Tenant)—The University requests approval to enter into a new lease agreement as lessor with Phytodyne, Inc., for the firm's use of 129 square feet of business incubator space in the Iowa State Innovation System at the ISU Research Park. The space will be leased at the rate of \$175 per month (\$16.28 per square foot, \$2,100 per year) for a four-month period commencing May 1, 2000 through August 31, 2000. The University plans to relocate the tenant to wet laboratory space being developed elsewhere in the Research Park at the end of the lease term.

Phytodyne has developed unique proprietary technologies for plant biotechnology research. These technologies simplify the production of genetically-modified crop plants and offer new methods for plant genome manipulation. Market opportunities for Phytodyne are driven by an expanding need for specialty products produced by genetically-modified crop plants for the farm, industry and consumer.

The tenant agrees to indemnify, defend, and hold harmless the University as customarily required. The University furnishes utilities and services at the Technology Innovation Center.

4. RATHBUN REGIONAL WATER ASSOCIATION—The University requests approval to enter into a water line easement agreement with the Rathbun Regional Water Association. The easement will provide for extension of a rural water line from a building site on the University's McNay Research Farm located in Lucas County, Iowa, to neighboring farms.

The easement area will consist of a tract of land 5.33 feet wide located adjacent to the road right-of-way. The tract extends a distance of 315 feet onto the McNay Farm. This is permanent pasture area and the University has indicated that the water line extension will not adversely affect the farm operations.

The water line will be installed by the utility at no charge to the University. The water line may at some future date also serve the requirements of University facilities at the McNay Farm.

C. UNIVERSITY OF NORTHERN IOWA

1. The University requests approval of the following tenant property rental rate increases.
 - a. TAU KAPPA EPSILON FRATERNITY/GAMMA PHI BETA SORORITY (Tenants)—The lease agreements with the fraternity and sorority were renewed by the Board in May 1998 at the rate of \$870 per month for a five-year term commencing August 1, 1998 through July 31, 2003. The agreements provide for annual rate increases of no more than 10 percent per year effective July 1 of each year of the term. The FY 2000 rental rate was \$905 per month. The University requests approval to increase the monthly rental rate by \$55 to \$960 (\$11,520 per year) for FY 2001. This is an increase of approximately 6.1 percent over the current rental rate.
 - b. FACULTY/STAFF HOUSING—The University requests approval of rental rate increases for two faculty and staff housing units. The University currently leases houses located at 3214 Hudson Road and 8712 University Avenue in Cedar Falls, Iowa, at the rate of \$540 per month. The homes provide temporary housing on a monthly basis (for a period not to exceed one year) for faculty and staff. The agreement with each tenant is subject to approval of the Executive Director.

The lease agreements were approved by the Board in March 1995 and September 1995, respectively, with the provision for annual rate increases of not more than 10 percent per year effective July 1 of each year of the term. The University requests approval to increase the monthly rental rate by \$35 to \$575 (\$6,900 per year) for FY 2001. This is an increase of 6.5 percent over the current rental rate.

2. SHAUNA SLEEP, SHELBY SLEEP, JODI PEITZMAN, ERIN ROTH (Tenants)—The University requests approval to enter into a lease agreement as lessor with the aforementioned students for their use of the house located at 1233 West 22nd Street, Cedar Falls, Iowa. The house will be leased at the rate of \$510 per month (\$6,120 per year) for a two-year period commencing August 1, 2000 through July 31, 2002. The agreement includes the provision for annual rate increases of not more than 10 percent per year effective May 1 of each year of the term.

The tenants agree to indemnify, defend, and hold harmless the University as customarily required.

D. IOWA SCHOOL FOR THE DEAF

1. SOUTHWEST IOWA REGENTS RESOURCE CENTER (Tenant)—The School requests approval to renew its lease as lessor with the Southwest Iowa Regents Resource Center for its use of 3,000 square feet of space in the Careers Building on the Iowa School for the Deaf campus. The lease will be renewed for a three-year term commencing July 1, 2000 through June 30, 2003. The space will be leased at the rate of \$1,500 per month (\$6 per square foot, \$18,000 per year) for FY 2001; this is the same rate that is paid under the current agreement. The rental rate will increase to \$1,563 per month (\$6.25 per square foot, \$18,756 per year) for FY 2002, and \$1,625 per month (\$6.50 per square foot, \$19,500 per year) for FY 2003.

The Southwest Iowa Regents Resource Center was established in 1991 to provide access to the Regent institutions for the citizens of southwest Iowa. The Center provides graduate and undergraduate education programs, admissions information, cultural activities, and internship programs


The tenant agrees to indemnify, defend, and hold harmless the school as customarily required.

E. IOWA BRAILLE AND SIGHT SAVING SCHOOL


1. The School requests approval to renew agreements with the following tenants for their use of space on the Iowa Braille and Sight Saving School campus. The agreements will be renewed for a one-year period commencing July 1, 2000 through June 30, 2001. The proposed rental rates reflect increases of approximately 5 percent per square foot for all of the tenants.

In all cases the tenants agree to indemnify, defend and hold harmless the school as customarily required.

- a. ADULTS INCORPORATED—The lease will be renewed for 2,474 square feet of space in Palmer Hall at the rate of \$936 per month (\$4.54 per square foot, \$11,232 per year), plus appliance rental of \$35.50 per month (\$426 per year), for a total rental rate of \$971.50 per month (\$11,658 per year). This reflects an increase of 105 square feet of space and a decrease of \$11.75 per month in the appliance rental for the removal of a dishwasher.
- b. HAPPY TIME CHILD DEVELOPMENT CENTER—The lease will be renewed for 5,084 square feet of space located in the Cottage Building at the rate of \$1,189.08 per month (\$2.81 per square foot, \$14,268.96 per year).
- c. IOWA DEPARTMENT OF PUBLIC HEALTH—The lease will be renewed for 222 square feet of office space located in the Old Hospital Building at the rate of \$623.08 per year (\$2.81 per square foot).
- d. VINTON-SHELLSBURG COMMUNITY SCHOOL DISTRICT—The lease will be renewed for 3,118 square feet of office space located in Palmer Hall at the rate of \$2,187.79 per quarter (\$2.81 per square foot, \$8,751.16 per year).


Sheila Lodge

Approved:


Frank J. Stork

Listing of Principals for Leases

May 2000

<u>Lease</u>	<u>Principals</u>
Iowa State University	
<u>Memorial Union</u>	<u>Mary Jo Mertens</u> <u>Peter G. Kaser</u>
The principals are not affiliated with the University.	
<u>H. L. Munn Company</u>	<u>Erik Munn</u>
The principal is not affiliated with the University.	
<u>Phytodyne, Inc.</u>	<u>Dan Voytas, David Wright,</u> <u>Charles Kirke</u>
Dan Voytas is employed as an associate professor and David Wright is employed as a research associate in the Department of Zoology. Payments have been made to both individuals in accordance with established procurement procedures. Charles Kirke is not affiliated with the University.	
<u>Rathbun Regional Water Association</u>	<u>John Glenn</u>
Payments have been made to the Rathbun Regional Water Association in accordance with established procurement procedures.	
University of Northern Iowa	
<u>Tau Kappa Epsilon Fraternity</u>	<u>Keith Jorgensen, Chapter Advisor</u>
The principal is not affiliated with the University.	
<u>Gamma Phi Beta Sorority</u>	<u>Elizabeth Gerdes, Chapter Advisor</u>
The principal is not affiliated with the University.	
<u>1233 West 22nd Street, Cedar Falls</u>	<u>Shauna Sleep, Shelby Sleep</u> <u>Jodi Pietzman, Erin Roth</u>
The principals are University students.	

Iowa School for the Deaf

Southwest Iowa Regents Resource Center

Jeanne Trachta, Director

The principal is not affiliated with the School.

Iowa Braille and Sight Saving School

Adults Incorporated

Roger Stevenson, President
Bob Burkgren, Vice President

The principals are not affiliated with the School.

Iowa Department of Public Health

Stephen Gleason, Director
David Fries, Deputy Director

The principals are not affiliated with the School.

Happy Time Child Development Center

Rachelle Mineck, Director

The principal is not affiliated with the School.

Vinton-Shellsburg Community School District

Richard Drey, Superintendent
Thomas J. Husnik, President,
Board of Education

The principals are not affiliated with the School.